

2006-2007 PERFORMANCE PLAN – SENIOR PORTFOLIO MANAGER, FIXED INCOME (WINTER)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
35%	CalPERS Internally Managed Corporate Bonds	Net of Fees, excess return in basis points relative to: Internally Managed Corporate Bond Portfolio – CalPERS Corp X Sov {SN5KA1 – CALCOXS2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
30%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal—CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
10%	CalPERS Total Fund Performance	Net of Fees, excess return in basis points relative to total fund performance benchmark. Comp-PERS Total Fund All Portfolios- CalPERS Policy Index (Daily) {SJ1CA1 – CPERSTO2}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5
5%	Other Managed Fixed Income Funds	Net of Fees, excess return in basis points relative to: <ul style="list-style-type: none"> (3%) Total Affiliates Fund – CalPERS Custom LEH LPF ex TIPS and High Yield {SKGKA1 – CPERID1D} (2%) Asset Based Lending Fund- PERS Custom Daily Libor {SW7F – CPERLIB2} 	0 basis points = 0 +30 basis points = 1.0 +45 basis points = 1.5 0 basis points = 0 +150 basis points = 1.0 +225 basis points = 1.5

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Quantitative Performance Measures (cont)

5%	High Yield External Managers	<p>Net of fees, Excess return in basis points relative to:</p> <p>Aggregate of the external High Yield Managers – CalPERS High Yield Cash Pay {SWXCA1-CALHYCP2}</p>	<p>0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5</p>
85%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community.</p> <p>Dimensions include leadership:</p> <ul style="list-style-type: none"> • Within Investment Group • Trustees • CalPERS • External Investment Community 	From Schedule
15%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	

Supervisor's Approval: Original signed by Russell Read

Date: August 1, 2006